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MINISTRY OF INDUSTRY

RESOLUTION

INDUSTRIES DEVELOPMENT PROCEDURES COMMITTEE

New Delhi, the 13th January 1964

No. 13(2) Lic. Pol./64.—By a Resolution, dated the 24th September, 1963, the Government of India in the Ministry of Industry appointed a Committee under the Chairmanship of Shri T. Swaminathan to review the operation of controls applicable to the establishment of additional industrial capacity under the Industries (Development and Regulation) Act, the import of capital goods, the issue of capital, foreign investment and collaboration and to suggest such modifications as would reduce delays in decision.

2. The Committee submitted an interim report on 17th December, 1963, which has been released for publication today. The main recommendations contained in the report and Government's decision thereon are given below.

3 Main recommendations in the Interim Report.—In the interim report, the Committee has confined itself to two main recommendations. The first recommendation relates to a speedy procedure for according clearance in principle to the establishment of additional industrial capacity i.e., the issue of a "letter of intent", as this is commonly referred to. The second recommendation relates to a special procedure for the speedy processing of all applications relating to certain "key" industries, which are either important for the promotion of self-sustaining industrial growth or are industries in which there is a substantial gap in the achievement of Plan targets.

4. Procedure for speedy issue of "letters of intent."—The Committee has stressed that it is of the utmost importance that the applicant should know as early as possible whether Government will be prepared to consider favourably the proposal put forward by him, as it will be difficult for the entrepreneur to negotiate with foreign collaborators or suppliers of machinery, without such an indication from Government. They have, therefore, recommended a procedure under which a "letter of intent" can be issued within about a month from the date of the receipt of the application.

5. To ensure expeditious disposal of the applications, the Committee has recommended certain time schedules to be followed in the disposal of applications. It has also recommended that while considering individual applications for the issue of "letters of intent", there need be no rigid or time-consuming scrutiny, in each case, of the availability of fuel, power, rail transport and other facilities. The

Committee has also recommended that the main work of consideration of applications should be by a Sub Committee of the Licensing Committee constituted as follows:—

Chairman

Secretary, Ministry of Industry.

Members

Secretary, Deptt. of Economic Affairs or his representative.

Secretary, Deptt. of Technical Development or his representative.

A representative of the Company Law Division of the Ministry of Finance.

Secretaries of the Administrative Ministries concerned or their representatives.

A representative of the Planning Commission.

6. The Committee has also recommended that the "letters of intent" should be valid for a specified period and that, if within this period, the applicant does not submit all the remaining applications for the various clearances, the "letter of intent" should automatically stand cancelled.

7. **Special procedure for industries referred to as "key" industries.**—Having regard to the shortfalls in the effective establishment of capacities for the attainment of Plan targets and the need for speedily establishing additional capacity in certain industries which are important for the promotion of self-sustaining industrial growth, the Committee has drawn up a list of industries, to be treated as "key" industries. This list is not exhaustive and is intended to be one of immediate practicability. This list, it has been recommended, should be reviewed from time to time. After the issue of a "letter of intent", applications for all further clearances required in the case of these "key" industries, such as foreign collaboration approval, issue of capital, import applications etc., should, the Committee has recommended, be submitted simultaneously, so that they may be considered at one meeting by the Licensing Sub-Committee referred to above, the Chief Controller of Imports and Exports and, when necessary, the Controller of Capital Issues, being co-opted as additional members. The applications are to be placed before the Sub-Committee within about a month of the receipt. The Committee has also recommended that at the "letter of intent" stage, the Sub-Committee of the Licensing Committee should give special attention to the applications relating to these "key" industries, with a view to indicating, if possible, the source from which foreign exchange is likely to be available. It has also been recommended that the industries included in the "key" list should be given special preferential treatment in respect of release of foreign exchange and regarding all other clearances such as permission for issue of capital.

8. **Other general recommendations of the Committee.**—(i) There should be a small separate cell in the Ministry of Industry, which will function as the co-ordinating Ministry, to deal exclusively with the receipt of all applications for licences under the Industries Act and also the applications for the subsequent clearances that may be required, and for their prompt distribution to the other authorities concerned. To facilitate linking up in the various Ministries etc., of the papers relating to a particular case, it has been proposed that each application should be serially numbered in the order of receipt in the receiving Section of the Ministry of Industry and that the endorsements on copies to other Ministries etc., should bear this serial number. Each applicant is to be informed of the serial number allotted to his application for purposes of future reference and all future correspondence on the application will indicate this reference number.

(ii) In addition to the list of "banned" items for industrial licensing, which is now being published from time to time, a list of other industries which will be licensed on merits should also simultaneously be published.

(iii) Meetings of the full Licensing Committee, as constituted at present, including representatives of the State Governments, should be held at suitable intervals, to review all the decisions taken by the Sub-Committee.

9. **Government's decisions on the Committee's recommendations.**—Government accept in principle the above recommendations of the Committee.

As regards the composition of the proposed Sub-Committee of the Licensing Committee, Government are, however, of the view that the other members of the Licensing Committee stationed at Delhi may also be associated with the work of the Sub-Committee, without causing any undue delay on this account.

The list of "key" industries has been drawn up by the Committee, having regard to the shortfalls in effective establishment of production for the attainment of Plan targets and the need for speedily establishing additional capacity in certain industries which are important for the promotion of self-sustaining industrial growth. This would involve speedy licensing of additional capacity under the Industries (Development and Regulation) Act in certain cases, while, in others, where adequate capacity has already been licensed, only expeditious sanctions will have to be given for matters like Capital Goods Clearance, Capital issues, approval of foreign collaboration terms etc. Government accept this recommendation.

Appropriate steps are being taken to implement the recommendations of the Committee.

ORDER

Ordered that a copy of the Resolution be communicated to all concerned.

Ordered also that the Resolution be published in the Gazette of India, for general information.

S. RANGANATHAN, Secy.

